

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7951

BILL NUMBER: SB 618

NOTE PREPARED: Jan 11, 2005

BILL AMENDED:

SUBJECT: Acquisition of Utility Property.

FIRST AUTHOR: Sen. Gard

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that a municipality or a municipally owned utility may not purchase the property of a utility company that provides water or sewer service or a regional sewer and water district unless the Utility Regulatory Commission (IURC) finds that the utility company has continued violations of the IURC's orders or the law regulating the utility company after the IURC has ordered compliance or finds after a review that the utility company has severe deficiencies that the utility company has failed to remedy.

It provides that a municipality or a public utility may not acquire any of the property of a rural electric membership corporation (REMC) without the consent of the REMC. The bill provides that the IURC continues to have jurisdiction over rates and charges of a municipally owned utility charged to the customers of the municipally owned utility located outside the municipality's boundaries. The bill also requires the office of the Utility Consumer Counselor to represent such customers in rate cases.

Effective Date: Upon passage.

Explanation of State Expenditures: The bill provides that the IURC continues to have jurisdiction over rates and charges of a municipally owned utility charged to its customers that are located outside the municipality's boundaries. The bill also requires the office of the Utility Consumer Counselor to represent such customers in rate cases. While the provisions in this bill could potentially increase the administrative cost and workload of the IURC and OUCC, it is presumed that any increase will be covered using available resources.

Background on IURC and OUCC Funding: The operating budgets of the IURC and the Office of the Utility

Consumer Counselor (OUCC) are funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.10% of their gross intra-state operating revenues to fund the IURC and OUCC. In FY 2004, fees from the utilities and fines generated approximately \$10.6 M.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Utility Regulatory Commission; Office of the Utility Consumer Counselor.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Valerie Ruda, 317-232-9867.